

Intellectual Property Inventory Form

Table of contents

1. Overview.....	1
2. Quality management system.....	1
3. Legal documentation	1
4. Lending framework	2
5. Outsourcing framework.....	3
6. Case processing system	3
7. Profitable risk-adjusted pricing model.....	4
8. Appendices	5
8.1. Defined Terms And Definitions	A

1. Overview

- 1.1. Company perceives its intellectual property to be assets that can be sold to an independent mortgage lending company or private equity company.

2. Quality management system

- 2.1. Company has a comprehensive quality management system that promotes a consistent set of principles to minimise duplicative work. By performing scheduled tasks regularly, Company maintains consistency across internal documents. The system comprises each following item:

- 2.1.A. A compliance manual that provides guidance on policy and procedure
- 2.1.B. A comprehensive tool that tracks the procedures (including completion date, assignee, assignor, and an explanation of the steps undertaken) that the overall company and specific individuals must undertake periodically, enabling the user to regulate business workflows
- 2.1.C. Each module in the Microsoft Access and Microsoft SQL Server-based CRM system, with cross-modular information exchange eliminating duplicative information input
- 2.1.D. Policy documentation
- 2.1.E. Procedure documentation
- 2.1.F. Documentation of management reviews, risk assessments, and audits
- 2.1.G. Templates (e.g., Word, Excel, PowerPoint)
- 2.1.H. A hierarchical documentation structure based on commonality of information
- 2.1.I. A series of rigorous operational workflow Visio diagrams for each stage of the lending life cycle

3. Legal documentation

u_????????_????????_????????_BayVL00_????????_a_Form_IntellectualPropertyInventory_w_i.xml

Date last saved:
24-11-2009 16:40

Bayonet Ventures has the following authorisations:

- Registration as a limited liability partnership at Companies House (Registration number OC306118)
- Consumer Credit Licence from the Office of Fair Trading (Licence number 611774)
- Registration under the Data Protection Act with the Information Commissioner's Office (Registration number Z1208527)
- Authorisation under part IV of the Financial Services and Markets Act 2000 by the Financial Services Authority (Firm reference number 229372)

Bayonet Ventures LLP, 2nd Floor, Evans Lombe House, 38 Borough High Street, London, SE1 1XW

t: +44 (0)20 3384 2596

f: +44 (0)8715 289 283

e: information@bayonetventures.com

w: <http://www.bayonetventures.com>

Notices: This written communication and any accompanying information may be confidential (see any header). Do not use these items without our specific prior consent. If you are not the intended recipient please contact us. These items may not be secure or virus free.



3.1. Company has a set of legally-approved, regulatory-compliant documentation covering each following area of activity:

3.1.A. Comprehensive engagement agreements with each potential third-party service partner, which document key terms such as service standards, remuneration, and performance review

3.1.A.1. Conveyancing Organisation Engagement Agreement

3.1.A.2. Debt Investor Engagement Agreement

3.1.A.3. Equity Investor Engagement Agreement

3.1.A.4. FSA Authorised Firm Engagement Agreement

3.1.A.5. Intermediary Engagement Agreement

3.1.A.6. Licensing Engagement Agreement

3.1.A.7. Live Servicer Engagement Agreement

3.1.A.8. MPPI Provider Engagement Agreement

3.1.A.9. Placement Agent Engagement Agreement

3.1.A.10. Property Valuation Organisation Engagement Agreement

3.1.A.11. Recruitment Organisation Engagement Agreement

3.1.A.12. Standby Servicer Engagement Agreement

3.1.A.13. Title Insurance Provider Engagement Agreement

3.1.A.14. Value Appreciation Plan Engagement Agreement

3.1.A.15. Worker Engagement Agreement

3.1.B. Lending documents covering commercial secured and unsecured, and residential first and second mortgage lending products.

3.1.C. Common to all:

3.1.C.1. Independent Solicitor Borrower Understanding Agreement

3.1.C.2. Loan Agreement

3.1.C.3. Mortgage Agreement

3.1.D. Specific to secured and unsecured commercial lending

3.1.D.1. Loan Guarantee Agreement

3.1.D.2. Property Debenture Agreement

3.1.E. Specific to secured commercial lending

3.1.E.1. Third Party Charge Agreement

3.2. Company has an automated procedure for generating a customised set of documents across the lending spectrum. This makes Company's documents immediately scalable for multiple lending products, whilst retaining a single set of master documents for maintenance.

4. Lending framework

4.1. Company has a robust technology-based approach to lending. This approach is based on applying standardised operational processes to each stage of the lending life cycle, and is



designed for incubating multiple commercial and residential lenders and is repeatable across the lending spectrum.

5. Outsourcing framework

5.1. Company has a robust operational framework enabling the outsourcing of administrative/repetitive activities, to minimise overheads and optimise flexibility. This comprises each following process:

5.1.A. A thorough due diligence on each potential third-party service provider before engaging each such partner

5.1.B. Regular monitoring of each such partner

5.1.C. Regular review meetings with each such partner to discuss items such as performance, market feedback, and audits

6. Case processing system

6.1. Overview

6.1.A. Company has a sophisticated operational platform, involving significant systems design and implementation costs.

6.2. Functionality

6.2.A. The system comprises each following item:

6.2.A.1. A SQL Server database linked to the CRM system (see 2.1.B above)

6.2.A.2. A comprehensive Microsoft Excel product matrix for each loan product linked to the database in 6.2.A.1 above.

6.2.A.3. A comprehensive Microsoft Excel lending conditions workbook, detailing lending criteria for a number of loan attributes (e.g., loan-to-income or loan-to-value maxima, interest rate loadings, loan fees) for each loan product linked to the database in 6.2.A.1 above.

6.2.A.4. A Microsoft Excel workbook that lists the output of 6.2.A.1 above, 6.2.A.2 above, and 6.2.A.3 above, including the individual interest rate loadings that comprise the loan margin

6.2.B. The system is designed to facilitate each following activity:

6.2.B.1. Purchasing of loan portfolios

6.2.B.2. Incubation of specialist lenders

6.2.B.3. Origination, processing, and servicing of loans

6.2.B.4. Monitoring of regulatory compliance at each stage of the lending life cycle

6.2.C. The system is highly scalable across the lending spectrum and can be applied to multiple lenders/portfolios.

6.2.D. The system is fully automated, with an in-built business logic module and commercial decision-making function.

6.2.E. This repeatable functionality enables the lender to achieve each following advantage:

6.2.E.1. Reduce underwriting and servicing costs.

6.2.E.2. Increase operational efficiency.

6.2.E.3. Enhance customer service.



6.2.E.4. Ensure the swift roll-out of product innovations or amendments.

6.3. Design experience

6.3.A. The system has been designed by a team of highly experienced investment and mortgage professionals, and is based upon their financial, credit, mortgage servicing, and operational skills gained in loan portfolio purchasing and specialist lender incubation, including residential, commercial, buy-to-let, first and second mortgages, automobile loans, and leases.

7. Profitable risk-adjusted pricing model

7.1. Company has a Microsoft Excel workbook that calculates the appropriate risk-adjusted yield on a given loan, or pool of loans, by adding together the required return for each attribute value relating to such loan, enabling Company to price risk appropriately.



8. Appendices



8.1. Defined Terms And Definitions

Defined Term	Definition
1.1.A. Bayonet Ventures	Bayonet Ventures LLP
1.1.B. Company	Bayonet Ventures LLP (Company Number OC306118)
1.1.C. Confidential	A description of information that, should it be made public or shared around Company, could negatively affect a Company operation
1.1.D. Highly Confidential	A description of information that, should it be made public or shared around Company, could impede seriously Company's operations, such as accounting information, business plans, and medical records
1.1.E. Proprietary	A description of information relating to a Company operation, such as a procedure, operational routine, project plan, design, or specification
1.1.F. Public	A description of information approved for the public domain, such as an annual report or press statement
1.1.G. Security Classification	The following classifications in the following order of priority: <ul style="list-style-type: none"> • Top Secret • Highly Confidential • Confidential • Proprietary • Public
1.1.H. Top Secret	A description of information (e.g., relating to pending mergers or acquisitions or investment strategies, plans, or designs) that, should it be made public or shared around Company, could damage Company seriously

- Registered at Companies House (Number: OC306118; Address: Unit 6 Naylor Building East, 15 Adler Street, London E1 1HD, UK)
- Authorised and regulated by the Financial Services Authority (Number: 229372)
- Authorised and regulated by the Office of Fair Trading pursuant to a Consumer Credit License (Number: 611774)